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BY ECF FILING AND E-MAIL

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May 4, 2015

Honorable Shelley C. Chapman
United States Bankruptcy Judge
Southern District of New York
One Bowling Green
New York, New York 10004-1408

Re: *In re Lehman Brothers Holdings, Inc.* Case No. 08-13555 (SCC)
Contested Matter Regarding Claim No. 67707 of Spanish Broadcasting System, Inc.

Dear Judge Chapman:

We write on behalf of Lehman Brothers Holdings Inc. (“LBHI”) in response to the letter filed by Spanish Broadcasting System, Inc. (“Spanish Broadcasting” and together with LBHI, the “Parties”) on the Court’s docket on April 29, 2015 (the “April 29 Letter”). [ECF No. 49336].

At the April 27, 2015 status conference, the Court addressed Spanish Broadcasting’s contention that the agreed-upon search terms resulted in an unduly burdensome number of documents for Spanish Broadcasting to review, which the Court recognized could be relevant in light of the “hugely sweeping” nature of Spanish Broadcasting’s damages claim. In order to avoid the necessity of Spanish Broadcasting reviewing such documents, the Court directed the Parties to engage in limited discovery relating to the waiver of “any special, exemplary, punitive or consequential damages” (the “Damages Waiver”) contained in section 10.12(e) of the Credit Agreement (as defined in the April 29 Letter), which could result in the disposition of Spanish Broadcasting’s claim on summary judgment. The Court confirmed, and the Parties agreed, that (1) the Parties will produce such documents by May 11, 2015, and the Parties have since stipulated to do so; and (2) after LBHI’s review of the documents, LBHI will advise the Court whether it will move for summary judgment as to whether Spanish Broadcasting’s alleged damages are recoverable in light of the Damages Waiver.¹

Spanish Broadcasting does not dispute that the enforceability of the Damages Waiver may be determined on summary judgment. However, in the April 29 Letter, Spanish Broadcasting now asserts that “all of [its] damages are direct damages,” and that “the question of whether damages are direct or consequential is a question of fact that must be reserved for trial.” (Apr. 27 Letter at 1.) Spanish Broadcasting is wrong. “Courts in this District have often determined, at the summary judgment stage, whether damages claims are general or consequential.” *PNC Bank, Nat’l Ass’n v. Wolters Kluwer Fin.*

¹ See Hr’g Tr. 11:12-22; 32:16-18, Apr. 27, 2015 [hereinafter “April 27 Transcript”]. A copy of the April 27 Transcript is attached hereto as Exhibit A.

Honorable Shelly C. Chapman
May 4, 2015
Page 2

Weil, Gotshal & Manges LLP

Servs., Inc., __ F. Supp. 3d __, No. 12 Civ. 8570 (PAE), 2014 WL 7146357, at *12 (S.D.N.Y. Dec. 15, 2014) (holding, on summary judgment, that refund payments to clients, legal and audit fees, stemming from defendant's failure to timely transmit consumer loan disclosures, constituted consequential damages barred by waiver) (citing *Phoenix Warehouse of Calif., LLC v. Townley, Inc.*, No. 08 Civ. 2856 (NRB), 2011 WL 1345134 (S.D.N.Y. Mar. 29, 2011); *Compania Embotelladora del Pacifico, S.A. v. Pepsi Cola Co.*, 650 F. Supp. 2d 314, 322 (S.D.N.Y. 2009); *E. Brass & Copper Co. v. Gen. Elec. Supply Corp.*, 101 F. Supp. 410, 413–414 (S.D.N.Y. 1951)). See also *Vivaro Corp. v. Raza Commc'n, Inc. (In re Vivaro Corp.)*, No. 12-01928 (MG), 2014 WL 486288, at * 3–4 (Bankr. S.D.N.Y. Feb. 6, 2014) (holding, on summary judgment, that lost profits associated with alleged breach of distribution agreement constituted consequential damages barred by waiver). Thus, the Court may determine, on summary judgment, whether the damages claimed by Spanish Broadcasting constitute consequential damages.

Additionally, ample discovery has been conducted in this matter, and LBHI does not believe it needs further discovery in order to move for summary judgment on the nature of Spanish Broadcasting's asserted damages. Spanish Broadcasting annexed to its amended proof of claim a report by Capstone Advisory Group, LLC ("Capstone"), which provided substantial detail regarding the damages asserted by Spanish Broadcasting.² In response to LBHI's first set of interrogatories, Spanish Broadcasting provided further detail regarding the nature of the damages it seeks. (See Apr. 29 Letter, Ex. A at 23.) Finally, after being asked by the Court whether Spanish Broadcasting has "a universe of documents that . . . demonstrates [its] damages" and whether it had produced those documents to LBHI, counsel to Spanish Broadcasting answered that it had. (*Id.* at 14:25–15:4.) Thus, further discovery is unnecessary for the Court to determine on summary judgment that the asserted damages are consequential damages. Indeed, the damages described by Spanish Broadcasting fall within the widely accepted definition of consequential damages in cases involving the failure to make a loan.³

LBHI continues to believe that the procedure it proposed and the Court accepted will provide for an efficient and cost-effective means of advancing the resolution of this contested matter. Pending the completion of limited discovery concerning the Payoff Letter (as defined in the April 29 Letter), LBHI is confident that it will be in a position to seek summary judgment both on the enforceability of the Damages Waiver and on the nature of damages sought by Spanish Broadcasting.

² A copy of the report prepared by Capstone and annexed to claim 67707 of Spanish Broadcasting is attached hereto as Exhibit B.

³ Although the description of the damages sought by Spanish Broadcasting has evolved over the course of this contested matter, compare Claim 67707 (asserting damages of \$39.6 million associated with an asserted decline in "total invested capital") with April 29 Letter at 2 (asserting damages of \$30.3 million associated with "impacted EBITDA"), they fall under the definition of consequential damages under either articulation. See, e.g., *Avalon Constr. Corp. v. Kirch Holding Co.*, 175 N.E. 651, 652 (N.Y. 1931) (diminution in value of real property resulting from failure to make a secured loan constitutes consequential damages).

Honorable Shelly C. Chapman
May 4, 2015
Page 3

Weil, Gotshal & Manges LLP

Respectfully Submitted,


Ralph I. Miller

cc: Madlyn Primoff, Esq.
Joseph Otchin, Esq.
Jacqueline Marcus, Esq.
Denise Alvarez, Esq.
Alexander Woolverton, Esq.

Exhibit A

1 UNITED STATES BANKRUPTCY COURT
2 SOUTHERN DISTRICT OF NEW YORK

3 Case No. 08-13555-scc

4 Adv. Case No. 08-01420-scc

5 - - - - - x

6 In the Matter of:

7 LEHMAN BROTHERS, INC.,

8 Debtor.

9 - - - - - x

10 SECURITIES INVESTOR PROTECTION CORPORATION, et al.,

11 Plaintiffs

12 v.

13 LEHMAN BROTHERS, INC.,

14 Defendant.

15 - - - - - x

17 U.S. Bankruptcy Court

18 One Bowling Green

19 New York, New York

20

21 April 27, 2015

22 2:03 PM

23 B E F O R E :

24 HON SHELLEY C. CHAPMAN

25 U.S. BANKRUPTCY JUDGE

1 Hearing re: Spanish Broadcasting Discovery Conference

2

3 Hearing re: Doc#29323 Three Hundred Twenty-eighth Omnibus

4 Objection to Claims (No Liability Claim) Solely as to

5 Certain Claim

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25 Transcribed by: Nicole Yawn

1 A P P E A R A N C E S :

2 WEIL, GOTSHAL & MANGES, LLP

3 Attorneys for the Plan Administrator, Lehman Brothers

4 1300 Eye Street, NW

5 Suite 900

6 Washington DC 20005-3314

7

8 BY: RALPH I. MILLER, ESQ.

9 DENISE ALVAREZ, ESQ.

10 ALEXANDER NO. WOOLVERTON, ESQ.

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12

13 KAYE SCHOLER, LLP

14 Attorney for Spanish Broadcasting

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16 New York, NY 10019-9710

17

18 BY: MADLYN GLEICH PRIMOFF, ESQ.

19

20 ALSO APPEARING:

21 JOSEPH OTCHIN

22

23

24

25

1 P R O C E E D I N G S

2 UNIDENTIFIED SPEAKER: Good to see you, Jess.

3 THE COURT: First of all, again, I'm so sorry for
4 the law firm's loss --

5 UNIDENTIFIED SPEAKER: Thank you.

6 UNIDENTIFIED SPEAKER: Thank you.

7 THE COURT: -- today. And thank you for coming
8 down nonetheless.

9 So I've read everything that you had to say. And
10 I really want to try to take it above the level of the
11 bickering that is obvious in terms of who's responsible for
12 the delay, because I don't know where we'd go with that. So
13 I want to try to just have a productive, definitive
14 resolution of the issues with a firm deadline to complete.

15 I don't really know what else to do with the past.
16 We could reiterate it. It does seem as -- the one thing --
17 so, having said that, now I'll lead into it.

18 I don't understand. There were agreed search
19 terms. And then, -- right? There were agreed search terms,
20 right?

21 UNIDENTIFIED SPEAKER: Yes, Your Honor.

22 THE COURT: Yeah. And then, -- no?

23 MS. PRIMOFF: My colleague, Mr. Joe Otchin is
24 going to handle the hearing.

25 THE COURT: Okay.

1 MS. PRIMOFF: But I will address it.

2 THE COURT: At one point, there were agreed terms
3 for the (indiscernible).

4 MS. PRIMOFF: But the agreement was always subject
5 to a condition that, if the search turned out to be
6 problematic --

7 THE COURT: Okay. But then, we get -- okay. So
8 that's point one.

9 Point two is we get into the length of time. To
10 me, if you agree on -- tentatively agree on -- search terms
11 on day one, on days seven to ten, you should come back and
12 say those search terms were (indiscernible). It then
13 appeared that there was a very long period of time that it
14 took to get back and say those search terms were wrong (ph).
15 So that's problematic.

16 UNIDENTIFIED SPEAKER: Yes.

17 MR. MILLER: Your Honor, if we could sort of set
18 the table, as you say, a little bit. Because I think the
19 plan administrator -- well, first of all, I appreciate your
20 time today.

21 For the record, I'm Ralph Miller, from --

22 THE COURT: Okay. And I do -- unfortunately, I'm
23 going to have a hard stop in a half an hour.

24 MR. MILLER: Okay.

25 THE COURT: Because I have to go up and do

1 Judge River's (ph) class at Columbia.

2 MR. MILLER: Okay. We can be very quick,
3 Your Honor. And, to actually move things faster, we pulled
4 together a few extras of what we think are key points about
5 this matter.

6 THE COURT: Do these folks have it?

7 MR. MILLER: They're getting copies of them right
8 this minute.

9 THE COURT: Okay.

10 MR. MILLER: But these are all things from the
11 record. Tab 1 of this, Your Honor, is a supplemental brief
12 that outlines what the claims components are because there
13 are different issues here --

14 THE COURT: Correct.

15 MR. MILLER: -- on these different components.

16 THE COURT: Sure.

17 MR. MILLER: There is a -- the largest component
18 is this \$39.6 million --

19 THE COURT: Right.

20 MR. MILLER: -- for diminution in investment
21 capital. And then, there's about 10 million in damages.

22 THE COURT: In the classic swap settlement amount
23 of damages, right?

24 MR. MILLER: Yeah. Well, actually, this is a
25 little more complicated. They owed money to LBSF, another

1 Lehman debtor.

2 THE COURT: Right.

3 MR. MILLER: And they said they would have paid \$6
4 million if they'd gotten this \$10 million draw, which is
5 what this case is all about in 2008. And instead, for the
6 next 18 months, they let that ride, and it got to be worth a
7 lot more money.

8 The important point, though, Judge, is they're
9 saying that 6 million of the 10 million is going to be used
10 on the swap and 4 million that was left over was what
11 produced this almost \$40 million in loss. So they have a
12 ten to one multiplier effect that they are seeking here on
13 this not having \$4 million for a particular period of time.

14 And to pay it back. It's not a gift.

15 So, if you look at the next tab, this was --

16 UNIDENTIFIED SPEAKER: Excuse me.

17 MR. MILLER: We're looking at these exhibits,
18 which we're now seeing for the first time sitting here.
19 These have nothing to do with the discovery of this
20 (indiscernible). We --

21 THE COURT: Okay. Here's the thing. Okay? From
22 the papers, it seemed to me that the fact that SBS is
23 claiming the 39 million in damages creates an expanded scope
24 of discovery. It's a consequential damage claim.

25 MR. MILLER: We don't concede that. We --

1 THE COURT: Well, it's not a swap termination.

2 MR. MILLER: Of course not. No, no, we're not
3 here on --

4 THE COURT: So I'm not seeking to attach
5 significance -- if the sticking point is characterizing it
6 as consequential damages because you don't want to concede
7 the legal argument about that, then I'll call it something
8 else.

9 MR. MILLER: Okay.

10 THE COURT: Okay?

11 MR. MILLER: Yes.

12 THE COURT: If that makes it easier.

13 MR. MILLER: Yes.

14 THE COURT: I'm not seeking to do that. The other
15 damages --

16 MR. MILLER: Yes, okay.

17 THE COURT: You're seeking other damages. So you
18 need to produce documents that relate to the other damages.

19 MR. MILLER: Yes.

20 THE COURT: Okay. Right?

21 MR. MILLER: Yes, Your Honor. And again, moving
22 very quickly through this, Judge Peck recognized this in the
23 excerpt we had here.

24 And I'm just going to go to the bottom of the
25 highlight here, where he said that if this ever gets to an

1 evidentiary hearing, Spanish Broadcasting will have an
2 extraordinarily difficult time proving causation. And that
3 is the issue about which we are having trouble in discovery
4 is the discovery on the proof of causation.

5 Tab 3, which we can skip quickly, is the 2 prior
6 extensions, which were -- 3 prior -- 2 prior extensions,
7 which were agreed to, Your Honor. And then, clearly, Tab 4
8 was the declaration of Mr. Garcia, the CFO. And he explains
9 that this is a diminution by comparison claim.

10 He says that they're going to compare their
11 performance with the performance of their competitors. And
12 everything that's left over is going to be because they
13 didn't have this \$4 million in 2008.

14 Well, gee whiz, there's a lot of good news and a
15 lot of bad news in the financial condition of this company.
16 And that's what we're trying to understand.

17 They made decisions not to buy things. They made
18 decisions where to spend money.

19 THE COURT: Sure.

20 MR. MILLER: They had a lot of money on their
21 books. For all those reasons, for them to now say well, gee
22 whiz, this is a lot of documents we're having to produce --
23 the point is they've asked for this, Your Honor. And
24 they're going to get 68 percent already. This is their
25 third -- Tab 5.

1 This particular debtor, Lehman Commercial Paper,
2 is going to distribute over 68 and a fraction percent of
3 claims that are allowed. When you multiply that by the 39.6
4 million, it's a little over \$27 million. So we're talking
5 about a \$27 million cash claim.

6 And what essentially Spanish Broadcasting has said
7 -- go to the next Tab 6 -- is that they got a search term,
8 which is the key search term, by the way, that produced
9 several hundred thousand preliminary hits. Now, this is
10 before people have looked at them to eliminate the pizza
11 menus and the other junk.

12 And a lot of it is signature lines.

13 THE COURT: So that's what I want to go to. I
14 mean, you say that 80 percent is irrelevant. How do you
15 know that?

16 MR. OTCHIN: Your Honor, we sampled random
17 documents that were retrieved by the search term, and, based
18 on the sampling of the document that we sampled, 80 percent
19 were irrelevant and 20 percent we determined were
20 responsive.

21 THE COURT: Okay. So when did you do that?

22 MR. OTCHIN: We sampled it -- well, after we had
23 reached agreement on the search term, working with Spanish
24 Broadcasting's outside vendor, you know, it was, you know,
25 within several weeks of that agreement.

1 THE COURT: Well, if you agreed on the search
2 terms on March 5th -- now it's almost the beginning of May.
3 So I'm just -- I'm not accounting for the time.

4 MR. OTCHIN: Well, beyond, you know, taking the
5 search terms and, you know, getting to the end point with
6 those documents to review, there was technical issues with
7 respect to what Spanish Broadcasting could process in-house
8 versus, you know, what the vendor had to come in and
9 retrieve -- extract documents and then, you know, run the
10 terms. And, you know, there was a certain technical
11 process.

12 THE COURT: But this is where you're going to have
13 to help me. I mean, if you agree that the search is
14 producing junk, then you have to come back and tell
15 Mr. Miller how you're going to refine the search that will
16 still produce -- to be clear, I agree with the plan
17 administrator about the documents to which they're entitled.

18 You're making a hugely sweeping claim. You're
19 essentially opening -- you're making a claim that implicates
20 the performance of the bank during a particular period of
21 time. So you've got to produce documents that show that.

22 It can't be producing what you --

23 MR. OTCHIN: No, no, we don't disagree with that
24 at all, Your Honor.

25 THE COURT: Yeah. So how do you get that?

1 MR. OTCHIN: So, starting at March 5th, which is
2 when we had agreement on the search terms, --

3 THE COURT: Right.

4 MS. PRIMOFF: -- they originally thought that in-
5 house they would be able to do this. We look at the search
6 terms. They turned out to be incredibly complicated and
7 beyond the capabilities of Spanish Broadcasting's internal
8 people.

9 So then, they retained a vendor to run the
10 searches. Until the vendor downloaded the stuff from
11 people's email servers as well as the shared drive, that
12 took a bit of time. They ran the searches.

13 It turned out to be problematic over a course of a
14 whole bunch of terms. But there's this one term in
15 particular.

16 THE COURT: What's the term?

17 MS. PRIMOFF: It's in --

18 UNIDENTIFIED SPEAKER: It's in this tab,
19 Your Honor. It's highlighted here.

20 MR. MILLER: Do you have the letter that we sent
21 to you today?

22 THE COURT: Yeah.

23 MR. MILLER: If you have the letter that we sent
24 to you today, --

25 THE COURT: Right.

1 MR. MILLER: It's in Footnote 1 for page 2.

2 THE COURT: Okay. All right. So --

3 MR. MILLER: So that term alone has returned in
4 excess of 300,000 documents.

5 THE COURT: Right. But here's the part I don't
6 understand. Just because it returns a large number of
7 documents doesn't mean that it's a bad search term.

8 MS. PRIMOFF: We agree. So we sampled the
9 documents. But 80 percent of the documents are completely
10 non-responsive and irrelevant. So we worked with the vendor
11 to modify -- to see whether we could develop a modified term
12 that would reduce the number of irrelevant and non-
13 responsive documents.

14 And that modified term is set forth in Footnote 2.
15 And this is what we --

16 THE COURT: Footnote 2 to what?

17 MS. PRIMOFF: To the letter that was sent to
18 Your Honor this morning.

19 THE COURT: Okay. Modified terms step two?

20 MS. PRIMOFF: Consistent with two-step search.

21 And even that search retrieves nearly 40 percent non-
22 responsive documents. But we can't seem to do any better
23 than that. So we accept that that's what it needs to be.

24 But the difference between 40 percent non-
25 responsive and 80 percent non-responsive is enormous. We

1 think that the term that's set out in Footnote 2 is an
2 appropriate term.

3 MR. MILLER: The problem with the modified search
4 term, Your Honor, is all the not terms in it. Not terms
5 remove very valuable things. If you take out not present
6 (ph) of operations, correct (ph) of operations or
7 consolidated operations or operations manager, you've
8 essentially excluded certain custodians.

9 And the same is true not value or evaluate, not
10 viable, be viable condition or liquid (ph). I mean, you
11 know, one of those -- if you have nots on all of those
12 terms, you're punching holes in the search that only humans
13 can deal with.

14 I mean, a computer can only do so much. And,
15 frankly, a 20 percent yield in a \$27 million case on a key
16 search term is not junk. We're not talking five percent or
17 seven percent. We're talking one out of five.

18 And they're the plaintiff. And this is their
19 central damage claim. So we just don't think that this is
20 unreasonable.

21 THE COURT: I just don't -- you're going to have
22 the burden to prove your damages.

23 MS. PRIMOFF: Yes.

24 THE COURT: So do you have a universe of documents
25 -- let's try to back into this. Do you have a universe of

1 documents that you think demonstrates your damages?

2 MS. PRIMOFF: Yes.

3 THE COURT: Have you produced those?

4 MS. PRIMOFF: Yes.

5 THE COURT: Do you have those, Mr. Miller?

6 MR. MILLER: We have a production, and the point
7 of whether they show the damages -- what we understand, as I
8 say, that they're doing is a diagnosis by elimination. They
9 are saying, essentially, you know, we didn't do as well as
10 our peers did. Therefore, it must have been the \$4 million.

11 What we don't have is the -- we don't believe that
12 the documents of all the problems they have. That's what we
13 have to get. And that's what we think these search terms
14 are going to be able to help us find.

15 We need to understand what their difficulties
16 were. We also need to understand how much other cash they
17 had.

18 One important point --

19 THE COURT: So an alternative theory of causation
20 for the damages that they (indiscernible)?

21 MR. MILLER: Yes. And also, Your Honor, they
22 withdrew any damages based on seeking alternate financing.
23 That's the normal direct damages for a failure to fund is so
24 you had funding at five percent. And you had to go out and
25 get funding at seven percent. So you got two percent

1 increase in damages. That's fine.

2 They've withdrawn that. They didn't seek
3 alternate claims (ph). We think that's because they didn't
4 actually need the financing, because they have a lot of
5 assets.

6 They were not capital starved. They had other
7 problems. So it is an alternate theory.

8 Yes, they didn't perform as well as it appears.

9 THE COURT: Well, but --

10 MS. PRIMOFF: Well, we did seek alternate
11 financing. It wasn't available in the marketplace. And I
12 think, respectfully, that Mr. Miller misstates the law.

13 The law is not that we produce 1 out of 5 -- or,
14 in this case, 20 percent when 80 percent are non-responsive.
15 That's a classic case for caution. We have demonstrated
16 through sampling that 80 percent of the documents are non-
17 responsive. You have to weigh the burden.

18 THE COURT: But you -- but the terms -- I mean, my
19 immediate reaction was to -- if you're going to carve out
20 financial officer (ph), you're going to carve out those
21 terms. You're --

22 MS. PRIMOFF: But anytime that somebody has a
23 signature block, Your Honor, that says V.P. of operations,
24 that comes up on the original search. Okay?

25 THE COURT: But I don't -- again, this is not -- I

1 am not an expert in VSI discovery. But it seems to me that
2 there has to be a way of dealing with that problem, isn't
3 there?

4 MR. MILLER: There is, and Mr. Woolverton is here
5 with us, supervised our review. When stuff pops up on the
6 screen and contract attorneys look at it and they're very
7 fast at being able to zap documents, because it's obviously
8 trash.

9 But, if it's a long document and it's discussing
10 their financial operations, it needs to go over into a stack
11 and be considered responsive. That's what we're talking
12 about here.

13 And the fact that I get, again, some higher yield
14 because of signature blocks, I can deal with that.

15 THE COURT: Understood. I do not understand how
16 it could be appropriate to carve these terms out. And you
17 are gutting the production.

18 MS. PRIMOFF: Well, it's the guidance here,
19 Your Honor. And, in that balance thing, we're not obligated
20 to, you know, review a document set that's retrieving 80
21 percent non-responsive documents.

22 The idea is to have electronic search terms that
23 lead to responsive documents. So it's a balancing and
24 questioning is warranted in circumstances like this if they
25 insist on that level.

1 (Pause)

2 MR. MILLER: Your Honor, one other issue that we
3 want to stress --

4 THE COURT: I mean, what's going on, though, is
5 that -- I mean, in the letter that came in today, you say
6 Spanish Broadcasting has produced 600,000 pages of
7 documents, 3 times more than the 200,000 that Lehman has
8 filed (ph). That's completely irrelevant.

9 The relative number of the documents that you've
10 produced is completely irrelevant. But I think that that's
11 part of what's going on is that you feel that the burden is
12 greater on you. But --

13 MS. PRIMOFF: No, no, we accept that the burden --
14 the documents are what they are.

15 THE COURT: You're making an enormous claim with a
16 very -- with a theory that is, by its nature, somewhat
17 broad. I have no idea of the merits.

18 And the fix for the over-broad seems to me to be
19 it's not a scalpel. I mean, it's a really big knife. And I
20 hear you on the balancing, but I don't understand -- then
21 they will then search only the documents --

22 MR. MILLER: Only what's in step one. And all not
23 terms recorded (ph).

24 THE COURT: Right. So that's narrowing it
25 further.

1 MR. MILLER: Your Honor, you mentioned a scalpel.
2 There is a potential scalpel here.

3 THE COURT: Well, I'm looking for the scalpel
4 because that's why --

5 MR. MILLER: Okay. Well, it's not --

6 THE COURT: -- (indiscernible).

7 MR. MILLER: -- something that we've all
8 discussed. But the scalpel is this consequential damage
9 waiver. The only documents that are really relevant to
10 that, we think, are documents between these law firms over a
11 so-called payoff letter. And that would have been the
12 drafts.

13 And we agree in principle to a protocol for
14 exchanging those. And, if those do not reveal ambiguity in
15 this payoff letter, which they say did away with the
16 consequential damages waiver, then the plan administrator
17 believes it could come to the Court with a letter seeking a
18 summary judgment.

19 If the Court granted summary judgment on that, --

20 THE COURT: Then we're done.

21 MR. MILLER: -- then we don't have to look at the
22 650,000 documents. We don't have to look at any of this
23 stuff, because we think at that point, we're done. So
24 that's the scalpel, if the Court wants to consider a
25 scalpel.

1 MS. PRIMOFF: They've made this argument to
2 Judge Peck already in connection with their motion to
3 dismiss. And they didn't prevail on this argument. So
4 we're entitled to discovery.

5 MR. MILLER: No.

6 MS. PRIMOFF: Let's talk about the discovery.
7 And, if Your Honor believes that we should --

8 THE COURT: Was there a motion to dismiss?

9 MS. PRIMOFF: Yes. And with Judge Peck?

10 THE COURT: No, no, no.

11 MS. PRIMOFF: No, no, no. Judge Peck -- we have
12 judge --

13 THE COURT: The sufficiency hearing.

14 MS. PRIMOFF: The sufficiency hearing, which the
15 footnotes in your document said was to be determined under
16 the standard of a motion to dismiss.

17 MR. MILLER: And, if you look on the second tab,
18 page 1.3 at the bottom, what Judge Peck said was, "I am not
19 going to rule today on the waiver consequential damages,
20 even though I might be able to. Given the benefit of the
21 doubt fully to Spanish Broadcasting under 12(b)(6) standard,
22 they will get their day in court, or we will deal with this
23 on dispositive motions after discovery."

24 Now, I suggest that we are now at the point after
25 discovery. If you just get the discovery on this issue,

1 that a dispositive motion comes around (ph). And so, I
2 don't think Judge Peck ruled that it was not a summary
3 judgment. He ruled he was not going to do it on 12(b)(6),
4 just to be precise.

5 THE COURT: Thank you. Sounds good to me.

6 MS. PRIMOFF: I don't agree with that at all. He
7 denied their motion. He said that we were entitled to
8 discovery. He talked about expert discovery. And to do
9 this piecemeal, --

10 THE COURT: No, but expert discovery is about the
11 amount of damages.

12 MS. PRIMOFF: Yes.

13 MR. MILLER: Right.

14 THE COURT: Right.

15 MS. PRIMOFF: And he ruled that we were entitled
16 to prove our amount of damages.

17 THE COURT: He didn't. He said I am not going to
18 rule on the waiver of consequential damages.

19 MS. PRIMOFF: He was reserving it.

20 THE COURT: He gave -- he denied the 12(b)(6) and
21 said they will get their day in court, or we'll deal with
22 this on dispositive motions after discovery. So what
23 Mr. Miller is saying is there has been discovery around the
24 threshold issue. There's a factual issue. Was there a
25 waiver, right?

1 And now, he wants -- he's saying we'll put in a
2 summary judgment motion saying there are no issues of
3 material disputed fact around that issue. That's what this
4 says, that you, on the 12(b)(6), you'd have the benefit of
5 the doubt on what you pleaded. Right?

6 You survived the motion to dismiss. You stated
7 the claim. Discovery. Next thing that happens is trial or
8 summary judgment.

9 He's saying summary judgment in favor of the plan
10 administrator on the issue that there was a waiver, right?

11 MR. MILLER: That's right. And that will take
12 out, essentially, everything that amounts to anything in
13 this case, we believe. It will take out -- now, I
14 understand they say it's direct damages. But whether it's
15 direct damages or consequential damages is not a part of
16 discovery.

17 THE COURT: It doesn't matter if it's -- right.

18 MR. MILLER: And so, you know -- and, by the way,
19 the fee issue is really a tiny flea on the dog. There's a
20 fee at issue of 300.

21 They asked for 273,000. We think it's really
22 13,000. Whatever it is, we think the fees we can take care
23 of. They get it. They would get a refund of any unearned
24 fees that they would try to (indiscernible).

25 There's nothing left if consequential damages is

1 resolved, including no need to have discovery on this whole
2 damage area. No need to have experts, which everybody is
3 retaining and is very expensive.

4 THE COURT: Judge peck's comments are in the same
5 paragraph. His beginning thought was on the waiver of
6 consequential damages. So it wasn't discovery -- it wasn't
7 going to be all dispositive motions after globally
8 discovery.

9 It seems to me the context seems to suggest that
10 it would be dispositive motions on that threshold issue. So
11 we already did that.

12 MS. PRIMOFF: But, Your Honor, you know, I'm
13 assuming that the transcript in front of Judge Peck was at
14 least 144 pages, of which we have here 4 selected pages.

15 THE COURT: If you want to send me the whole
16 transcript and I'll review the whole transcript and --

17 MS. PRIMOFF: I do have it here.

18 THE COURT: -- if it changes my mind, --

19 MS. PRIMOFF: Okay.

20 THE COURT: -- I'm happy to do that. But, I mean,
21 this is this chicken and egg problem that we all have in
22 these situations. And this seems to me one in which I want
23 to at least explore the ability to do -- dispose of it on
24 the summary judgment.

25 And I'm not -- you know, I think that these folks

1 -- you're not here as often. I'm not a big fan of summary
2 judgment motions, because I think most of the time they're
3 not meritorious.

4 But this one seems to me to be a good candidate
5 for it, because then I don't have to go, among other
6 reasons, among other reasons, we don't have to go through
7 all that.

8 He may not convince me. In which case we're going
9 to be back to fighting over search terms.

10 But it's inconsistent with the general theme of
11 you're dragging your feet, let's go. Would there not be a
12 suggestion let's do a dispositive motion. So that's why I'm
13 giving it weight, because I think that it wouldn't be
14 suggested if it was something that was designed to just, you
15 know, delay.

16 They're against delay. They say you're in favor
17 of delay.

18 MS. PRIMOFF: You're not in favor of delay. We're
19 entitled to \$50 million (indiscernible).

20 THE COURT: Sure, you are.

21 MS. PRIMOFF: Sure, we're entitled to delay. No,
22 we don't want delay.

23 THE COURT: (Indiscernible.)

24 MS. PRIMOFF: We want money.

25 THE COURT: Right. But I'm happy to review the

1 whole transcript.

2 MS. PRIMOFF: I mean, the other thing is that
3 typically, there's one summary judgment motion. So, if
4 they're going to make their one, this should be the one.

5 THE COURT: Well, there is one -- I mean, there's
6 not always just one. There's one on the threshold issue of
7 whether or not your legal entitlement was waived.

8 Thank you.

9 MR. MILLER: There's two copies for you and -- and
10 this is actually -- well, this is the excerpt on this part
11 of the hearing. There was other things that day, I think.

12 I think, obviously, you're not going to get it
13 now. But, just for convenience, let me give a copy to him.

14 THE COURT: Okay. So, I mean, it's not a written
15 (ph) page (ph).

16 MR. MILLER: I don't know what --

17 THE COURT: It's numbered, but that's because
18 there are probably other matters on the calendar.

19 MR. MILLER: Okay.

20 THE COURT: Okay?

21 MR. MILLER: All right. I know you have to go,
22 Your Honor, but --

23 THE COURT: I think we ought to do that. I mean,
24 if there's something in here in the rest of the transcript
25 that you think undercuts what it seems to me Judge Peck

1 clearly said -- but just independently, whatever -- even if
2 he didn't say that, it seems to me that, if there's a
3 dispositive motion that says here's what happened between
4 the parties. We've all had discovery on that. They waive
5 their claim.

6 MS. PRIMOFF: This is dated February 2013. I
7 would like to go back and have the opportunity to review it,
8 Your Honor.

9 THE COURT: Sure, that's fine.

10 MS. PRIMOFF: And, if that's how Your Honor wants
11 to proceed, then naturally, we'll proceed as you want.

12 MR. MILLER: I think that makes sense, Your Honor.

13 THE COURT: I think that's a better way. Mind
14 you, I have no idea how it's going to turn out. I mean,
15 I've expressed my general skepticism about summary judgment
16 motions. But sometimes they work. Sometimes they don't.

17 But, in general, without making a decision, I
18 mean, I think that when there's a damage here like this,
19 it's going to be very hard to deal with the discovery issue,
20 because it's so raw (ph). And one answer might be to, you
21 know, have a group of contract attorneys, whoever it is that
22 you're hiring, you know, wallow (ph) through it.

23 I know it's a lot of documents, but cutting it off
24 this way would seem to me to be not using a scalpel and
25 would create a risk that things were missed. And I'm not

1 doubting the good faith proffer with respect to sampling,
2 but I'm a sampling skeptic.

3 You have to demonstrate to me that your sampling
4 technique -- you know what I'm talking about, don't you,
5 Mr. Miller?

6 MR. MILLER: Yes, I -- we get a lot of sampling
7 cases.

8 THE COURT: Right. You have to demonstrate to me
9 that you are validly sampling.

10 I understand statistical sampling is a valid means
11 of taking a smaller segment and predicting. But, before you
12 say, "Oh, we sampled and look, this is what happened," you
13 have to demonstrate to me that your sampling was valid,
14 right?

15 So I don't get there by simply being told based on
16 our sample, this is no good. I'm not suggesting that it was
17 anything but in good faith.

18 Do you understand?

19 MS. PRIMOFF: Yeah, we're not complaining about
20 reviewing a lot of documents.

21 THE COURT: Yeah.

22 MS. PRIMOFF: We're complaining about reviewing a
23 lot of --

24 THE COURT: Valid. Guess what? You're
25 complaining about reviewing a lot of --

1 MS. PRIMOFF: Irrelevant documents. But, if we
2 need to give you better sampling, we'll give you better
3 evidence of sampling.

4 THE COURT: Okay. Well, maybe we won't have to
5 get there at all.

6 Now, you don't think that you've got -- there is
7 no cross-motion for summary judgment?

8 MR. MILLER: Your Honor?

9 THE COURT: You couldn't --

10 MR. MILLER: You know, first of all, we rejected
11 the contract.

12 THE COURT: Right.

13 MR. MILLER: So we're not saying that we have a
14 defense to whatever damages there are.

15 THE COURT: Sure, right.

16 MR. MILLER: We admit liability, if you will.

17 THE COURT: Yes.

18 MR. MILLER: We just believe that the only damages
19 are about \$15,000 if all she -- all they get is direct
20 damages.

21 THE COURT: I'm just confirming that we're going
22 to not leave. And then, I was going to get correspondence
23 saying we'll cross move for summary judgment. There is no
24 cross-motion for summary judgment. There is their motion
25 saying, as a matter of law, you're not entitled -- an

1 undisputed fact you're not entitled to your greater damage
2 claim, right?

3 MR. MILLER: That's right, Your Honor.

4 THE COURT: You're not going to file a motion back
5 that says, as a matter of law, we're entitled to X amount of
6 damages. If the plan administrator doesn't knock you out
7 entirely, we'll come back to this.

8 MS. PRIMOFF: Understood.

9 THE COURT: Yeah, that's right. That's right.

10 MS. MARCUS: One more thing I think we need to
11 deal with, Your Honor.

12 THE COURT: Yes. Well, the 29th? No, not even.

13 MS. MARCUS: The parties have agreed with respect
14 to the discovery items on the waiver. But I don't think
15 we've actually exchanged those documents yet. So we should
16 talk about how much time --

17 MR. MILLER: We need --

18 MS. MARCUS: (Indiscernible.)

19 MR. MILLER: We have a deadline for that exchange.

20 MS. MARCUS: Okay. And everything else is stayed
21 pending this.

22 UNIDENTIFIED SPEAKER: Everything else --

23 MS. MARCUS: Pending this.

24 MR. MILLER: Okay.

25 What do you think? Two weeks? Three weeks?

1 I mean, what we've agreed, Your Honor, --
2 actually, we have an exchange of emails. But what we
3 proposed was email exchanges externally between these firms
4 and their attachments so that we can see what drafts were
5 sent in the payoff letter. And this is about the payoff
6 letter, which is --

7 THE COURT: Right.

8 MR. MILLER: -- the document that they set aside
9 --

10 THE COURT: Right. So there aren't attorney sign
11 (ph) issues?

12 MR. MILLER: Well, because these have been
13 external emails, Your Honor. They're all -- we sent them
14 what they sent us. These are (indiscernible) and produce
15 our sets in the attachments.

16 THE COURT: Okay.

17 MR. MILLER: And then, we'll have all the drafts
18 of the payoff letter. We'll have all the emails back and
19 forth on the payoff letter.

20 THE COURT: External, not internal?

21 MR. MILLER: And we -- external, not internal.

22 THE COURT: Not internal? Oh, great.

23 MR. MILLER: And we think that's -- we think we
24 can look at that and determine whether there is a summary
25 judgment or not.

1 THE COURT: Okay. So that's --

2 MR. MILLER: And we've looked at our --

3 THE COURT: -- one step better.

4 MR. MILLER: Yes.

5 THE COURT: I mean, you're saying you're not --
6 you think there is, but you're not sure.

7 MR. MILLER: Yes, Your Honor, until we complete
8 this exchange -- and they said they wanted to -- although
9 they agreed in principle, they felt that that should wait
10 until the general extension and be governed by general
11 (indiscernible) discovery.

12 THE COURT: I gotcha.

13 MS. PRIMOFF: But we've agreed.

14 THE COURT: I gotcha. Okay. No, but there's a
15 fine point to what you're saying, which I like, which is
16 that you think that you'll have a summary judgment motion.

17 MR. MILLER: Yes, Your Honor.

18 THE COURT: And, in good faith, you're going to
19 review the documents.

20 MR. MILLER: Yes.

21 THE COURT: And, after you do that, if there's a
22 --

23 MR. MILLER: And we'll let the Court know very
24 promptly if we decide there's not.

25 THE COURT: All right. And then, we'll have to

1 either -- we'll have to agree on this, or we'll have to
2 reconvene.

3 MR. MILLER: Yes. But the question, I guess, is
4 can we get agreement on how long we're going to take to
5 exchange those emails.

6 THE COURT: Right, right. Do you not --

7 MR. OTCHIN: I think two weeks we should be able
8 to do it.

9 THE COURT: Two weeks?

10 MR. MILLER: I'm saying (indiscernible).

11 THE COURT: Right.

12 MR. MILLER: But we can get ours in two weeks,
13 right? I think we've actually pulled ours, right?

14 Okay? So that's good. In two weeks.

15 THE COURT: Okay.

16 MR. MILLER: And we can very promptly, within,
17 say, two weeks, advise the Court on when we're going to be
18 seeking. And we'll send a letter, as we are supposed to, --

19 THE COURT: Right.

20 MR. MILLER: -- requesting summary judgment.

21 THE COURT: So this will -- but this can suffice
22 as a 756(1) conference. You could just make a formal
23 letter.

24 MR. MILLER: Okay.

25 THE COURT: Just letting us know what the schedule

1 is (indiscernible).

2 MR. MILLER: Okay.

3 THE COURT: (Indiscernible) a schedule
4 (indiscernible) a hearing (indiscernible).

5 MR. MILLER: Great.

6 THE COURT: All right. So that's a good thing.
7 Okay.

8 MS. PRIMOFF: Okay.

9 THE COURT: Okay.

10 MR. MILLER: Thank you, Your Honor.

11 THE COURT: Thank you very much. I'm going to --

12 MR. OTCHIN: Thank you, Your Honor.

13 THE COURT: Can I keep all this?

14 MR. MILLER: Of course.

15 I appreciate you making time for us, Your Honor.

16 THE COURT: Sure, sure.

17 (Proceedings were concluded at 2:34 PM)

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C E R T I F I C A T I O N

I, Nicole Yawn certify that the foregoing transcript is a
true and accurate record of the proceedings.

Nicole Yawn

Date: April 29, 2015

Veritext

330 Old Country Road

Suite 300

Mineola, NY 11501

&	4	al 1:10	bankruptcy 1:1,17
& 3:2	4 7:10,13 9:7,13	alexander 3:10	1:25
0	15:10 23:14	allowed 10:3	based 10:17 15:22
08-01420 1:4	40 7:11 13:21,24	alternate 15:22	27:15
08-13555 1:3	5	16:3,7,10	beginning 11:2 23:5
1	5 9:25 16:13	alternative 15:19	believe 15:11 22:13
1 6:11 13:1 16:13	50 24:19	alvarez 3:9	28:18
32:22	55th 3:15	ambiguity 19:14	believes 19:17 20:7
1.3 20:18	5th 11:2 12:1	amount 6:22 21:11	benefit 20:20 22:4
10 6:21 7:4,9	6	21:16 29:5	better 13:22 26:13
10019-9710 3:16	6 7:3,9 10:7 20:21	amounts 22:12	28:2,2 31:3
11501 34:24	21:3,20 22:4	answer 26:20	beyond 11:4 12:7
12 20:21 21:3,20	600,000 18:6	anytime 16:22	bickering 4:11
22:4	650,000 19:22	appeared 5:13	big 18:19 24:1
13,000 22:22	68 9:24 10:2	appearing 3:20	bit 5:18 12:12
1300 3:4	7	appears 16:8	block 16:23
144 23:14	756 32:22	appreciate 5:19	blocks 17:14
15,000 28:19	8	33:15	books 9:21
18 7:6	80 10:14,18 13:9,25	appropriate 14:2	bottom 8:24 20:18
2	16:14,16 17:20	17:16	bowling 1:18
2 9:5,6 13:1,14,16	9	april 1:21 34:11	brief 6:11
14:1	900 3:5	area 23:2	broad 18:17,18
20 10:19 14:15	a	argument 8:7 20:1	broadcasting 2:1
16:14	ability 23:23	20:3	3:14 9:1 10:6 11:7
200,000 18:7	able 12:5 15:14	aside 30:8	18:6 20:21
20005-3314 3:6	17:7 20:20 32:7	asked 9:23 22:21	broadcasting's
2008 7:5 9:13	accept 13:23 18:13	assets 16:5	10:24 12:7
2013 26:6	accounting 11:3	assuming 23:13	brothers 1:7,13 3:3
2015 1:21 34:11	accurate 34:4	attach 8:4	bunch 12:14
250 3:15	address 5:1	attachments 30:4	burden 14:22 16:17
27 1:21 10:4,5 14:15	administrator 3:3	30:15	18:11,13
273,000 22:21	5:19 11:17 19:16	attorney 3:14 30:10	buy 9:17
29 34:11	22:10 29:6	attorneys 3:3 17:6	c
29323 2:3	admit 28:16	26:21	c 1:24 3:1 4:1 34:1,1
29th 29:12	adv 1:4	available 16:11	calendar 25:18
2:03 1:22	advise 32:17	b	call 8:7
2:34 33:17	agree 5:10,10 11:13	b 1:23 20:21 21:3	called 19:11
3	11:16 13:8 19:13	21:20 22:4	candidate 24:4
3 9:5,6 18:7	21:6 32:1	back 5:11,14 7:14	capabilities 12:7
300 22:20 34:23	agreed 4:18,19 5:2	11:14 14:25 24:9	capital 6:21 16:6
300,000 13:4	9:7 11:1 29:13 30:1	26:7 29:4,7 30:18	care 22:22
330 34:22	31:9,13	bad 9:15 13:7	carve 16:19,20
39 7:23	agreement 5:4	balance 17:19	17:16
39.6 6:18 10:3	10:23,25 12:2 32:4	balancing 17:23	case 1:3,4 7:5 14:15
		18:20	16:14,15 22:13 24:8
		bank 11:20	cases 27:7

cash 10:5 15:16 causation 9:2,4 15:19 caution 16:15 central 14:19 certain 2:5 11:10 14:8 certify 34:3 cfo 9:8 changes 23:18 chapman 1:24 characterizing 8:5 chicken 23:21 circumstances 17:24 claim 2:4,5 7:24 9:9 10:5 11:18,19 14:19 18:15 22:7 26:5 29:2 claiming 7:23 claims 2:4 6:12 10:3 16:3 class 6:1 classic 6:22 16:15 clear 11:16 clearly 9:7 26:1 colleague 4:23 columbia 6:1 come 5:11 11:8,14 19:17 29:7 comes 16:24 21:1 coming 4:7 comments 23:4 commercial 10:1 company 9:15 compare 9:10 comparison 9:9 competitors 9:11 complaining 27:19 27:22,25 complete 4:14 31:7 completely 13:9 18:8,10 complicated 6:25 12:6 component 6:17	components 6:12 6:15 computer 14:14 concede 7:25 8:6 concluded 33:17 condition 5:5 9:15 14:10 conference 2:1 32:22 confirming 28:21 connection 20:2 consequential 7:24 8:6 19:8,16 20:19 21:18 22:15,25 23:6 consider 19:24 considered 17:11 consistent 13:20 consolidated 14:7 context 23:9 contract 17:6 26:21 28:11 convenience 25:13 convince 24:8 copies 6:7 25:9 copy 25:13 corporation 1:10 correct 6:14 14:6 correspondence 28:22 country 34:22 course 8:2 12:13 33:14 court 1:1,17 4:3,7 4:22,25 5:2,7,22,25 6:6,9,14,16,19,22 7:2,21 8:1,4,10,12 8:14,17,20 9:19 10:13,21 11:1,12,25 12:3,16,22,25 13:2 13:5,16,19 14:21,24 15:3,5,19 16:9,18 16:25 17:15 18:4,15 18:24 19:3,6,17,19 19:20,24 20:8,10,13 20:22 21:5,10,14,17 21:20,21 22:17 23:4 23:15,18,20 24:20	24:23,25 25:5,14,17 25:20,23 26:9,13 27:8,21,24 28:4,9 28:12,15,17,21 29:4 29:9,12 30:7,10,16 30:20,22 31:1,3,5 31:12,14,18,21,23 31:25 32:6,9,11,15 32:17,19,21,25 33:3 33:6,9,11,13,16 create 26:25 creates 7:23 cross 28:7,23,24 custodians 14:8 cutting 26:23 d d 4:1 damage 7:24 14:19 19:8 23:2 26:18 29:1 damages 6:21,23 7:23 8:6,15,17,18 14:22 15:1,7,20,22 15:23 16:1 19:16 20:19 21:11,16,18 22:14,15,15,25 23:6 28:14,18,20 29:6 date 34:11 dated 26:6 day 5:11 20:22 21:21 25:11 days 5:11 dc 3:6 deadline 4:14 29:19 deal 14:13 17:14 20:22 21:21 26:19 29:11 dealing 17:2 debtor 1:8 7:1 10:1 decide 31:24 decision 26:17 decisions 9:17,18 declaration 9:8 defendant 1:14 defense 28:14 definitive 4:13	delay 4:12 24:15,16 24:17,18,21,22 demonstrate 27:3,8 27:13 demonstrated 16:15 demonstrates 15:1 denied 21:7,20 denise 3:9 designed 24:14 determine 30:24 determined 10:19 20:15 develop 13:11 diagnosis 15:8 difference 13:24 different 6:13,15 difficult 9:2 difficulties 15:15 diminution 6:20 9:9 direct 15:23 22:14 22:15 28:19 disagree 11:23 discovery 2:1 7:19 7:24 9:3,4 17:1 20:4,6,23,25,25 21:8,8,10,22,23 22:7,16 23:1,6,8 26:4,19 29:14 31:11 discussed 19:8 discussing 17:9 dismiss 20:3,8,16 22:6 dispose 23:23 dispositive 20:23 21:1,22 23:7,10 24:12 26:3 disputed 22:3 distribute 10:2 district 1:2 doc 2:3 document 10:18 17:9,20 20:15 30:8 documents 8:18 9:22 10:17 11:6,9 11:17,21 13:4,7,9,9 13:13,22 14:24 15:1
---	---	--	--

15:12 16:16 17:7,21 17:23 18:7,9,14,21 19:9,10,22 26:23 27:20 28:1 29:15 31:19 doesn't 13:7 dog 22:19 doing 15:8 doubt 20:21 22:5 doubting 27:1 downloaded 12:10 drafts 19:12 30:4 30:17 dragging 24:11 draw 7:4 drive 12:11	excerpt 8:23 25:10 excess 13:4 exchange 29:19 30:2 31:8 32:5 exchanged 29:15 exchanges 30:3 exchanging 19:14 excluded 14:8 excuse 7:16 exhibits 7:17 expanded 7:23 expensive 23:3 expert 17:1 21:8,10 experts 23:2 explains 9:8 explore 23:23 expressed 26:15 extension 31:10 extensions 9:6,6 external 30:13,20 30:21 externally 30:3 extract 11:9 extraordinarily 9:2 extras 6:4 eye 3:4	financial 9:15 16:20 17:10 financing 15:22 16:4,11 find 15:14 fine 16:1 26:9 31:15 firm 4:14 firm's 4:4 firms 19:10 30:3 first 4:3 5:19 7:18 28:10 five 14:16,17 15:24 fix 18:18 flea 22:19 folks 6:6 23:25 footnote 13:1,14,16 14:1 footnotes 20:15 foregoing 34:3 formal 32:22 forth 13:14 30:19 fraction 10:2 frankly 14:15 front 23:13 fully 20:21 fund 15:23 funding 15:24,25 further 18:25	10:2 11:12,15 14:21 15:14 16:19,20 18:4 18:11 20:19 21:3,17 23:7 24:8 25:4,12 26:14,19 28:21,22 29:4 31:18 32:4,17 33:11 good 4:2 9:14 21:5 24:4 27:1,16,17 31:18 32:14 33:6 gotcha 31:12,14 gotshal 3:2 gotten 7:4 governed 31:10 granted 19:19 great 30:22 33:5 greater 18:12 29:1 green 1:18 group 26:21 guess 27:24 32:3 guidance 17:18 gutting 17:17		
e	e 1:23,23 3:1,1 4:1,1 34:1 easier 8:12 effect 7:12 egg 23:21 eighth 2:3 either 32:1 electronic 17:22 eliminate 10:10 elimination 15:8 email 12:11 30:3 emails 30:2,13,18 32:5 enormous 13:25 18:15 entirely 29:7 entitled 11:17 20:4 21:7,15 24:19,21 28:25 29:1,5 entitlement 25:7 esq 3:8,9,10,11,18 essentially 10:6 11:19 14:8 15:9 22:12 et 1:10 evaluate 14:9 everybody 23:2 evidence 28:3 evidentiary 9:1	f	f 1:23 34:1 fact 7:22 17:13 22:3 29:1 factual 21:24 failure 15:23 faith 27:1,17 31:18 fan 24:1 fast 17:7 faster 6:3 favor 22:9 24:16,18 february 26:6 fee 22:19,20 feel 18:11 fees 22:22,24 feet 24:11 felt 31:9 fighting 24:9 file 29:4 filed 18:8	g	half 5:23 handle 4:24 happened 26:3 27:12 happens 22:7 happy 23:20 24:25 hard 5:23 26:19 hear 18:20 hearing 2:1,3 4:24 9:1 20:13,14 25:11 33:4 help 11:13 15:14 higher 17:13 highlight 8:25 highlighted 12:19 hiring 26:22 hits 10:9 holes 14:12 hon 1:24 honor 4:21 5:17 6:3 6:11 8:21 9:7,23 10:16 11:24 12:19 13:18 14:4 15:21 16:23 17:19 18:2

19:1 20:7 23:12 25:22 26:8,10,12 28:8 29:3,11 30:1 30:13 31:7,17 33:10 33:12,15 hour 5:23 house 11:7 12:5 hugely 11:18 humans 14:12 hundred 2:3 10:9	joe 4:23 joseph 3:21 judge 1:25 6:1 7:8 8:22 20:2,9,11,12 20:18 21:2 23:4,13 25:25 judgment 19:18,19 21:3 22:2,8,9 23:24 24:2 25:3 26:15 28:7,23,24 30:25 31:16 32:20 junk 10:11 11:14 14:16	level 4:10 17:25 liability 2:4 28:16 lines 10:12 liquid 14:10 little 5:18 6:25 10:4 llp 3:2,13 long 5:13 17:9 32:4 look 7:15 12:5 17:6 19:21,22 20:17 27:12 30:24 looked 10:10 31:2 looking 7:17 19:3 loss 4:4 7:11 lot 7:7 9:14,15,20 9:22 10:12 16:4 26:23 27:6,20,23,25	16:12 17:4 18:2,22 19:1,5,7,21 20:5,17 21:13,23 22:11,18 25:9,16,19,21 26:12 27:5,6 28:8,10,13 28:16,18 29:3,17,19 29:24 30:8,12,17,21 30:23 31:2,4,7,17 31:20,23 32:3,10,12 32:16,20,24 33:2,5 33:10,14 million 6:18,21 7:4 7:4,9,9,10,11,13,23 9:13 10:4,4,5 14:15 15:10 24:19 mind 23:18 26:13 mineola 34:24 minute 6:8 missed 26:25 misstates 16:12 modified 13:11,14 13:19 14:3 modify 13:11 money 6:25 7:7 9:18,20 24:24 months 7:6 morning 13:18 motion 20:2,8,16 21:1,7 22:2,6 24:12 25:3 26:3 28:7,24 28:24 29:4 31:16 motions 20:23 21:22 23:7,10 24:2 26:16 move 6:3 28:23 moving 8:21 multiplier 7:12 multiply 10:3
i	k	m	n
idea 17:22 18:17 26:14 immediate 16:19 implicates 11:19 important 7:8 15:18 including 23:1 inconsistent 24:10 increase 16:1 incredibly 12:6 independently 26:1 indiscernible 5:3,12 7:20 15:20 19:6 22:24 24:19,23 29:18 30:14 31:11 32:10 33:1,3,4,4 insist 17:25 internal 12:7 30:20 30:21,22 investment 6:20 investor 1:10 irrelevant 10:14,19 13:10,12 18:8,10 28:1 issue 9:3 18:2 20:25 21:24,24 22:3,10,19 22:20 23:10 25:6 26:19 issues 4:14 6:13 11:6 22:2 30:11 items 29:14	kaye 3:13 keep 33:13 key 6:4 10:8 14:15 knife 18:19 knock 29:6 know 4:12,15 10:15 10:24,24 11:4,5,8,9 11:10 14:11 15:9 17:20 22:18 23:12 23:25 24:15 25:16 25:21 26:21,22,23 27:4 28:10 31:23 32:25	madlyn 3:18 making 11:18,19 18:15 26:17 33:15 manager 14:7 manges 3:2 march 11:2 12:1 marcus 3:11 29:10 29:13,18,20,23 marketplace 16:11 material 22:3 matter 1:6 6:5 22:17 28:25 29:5 matters 25:18 mean 10:14 11:13 13:7 14:10,14 16:18 18:4,5,19 23:20 25:2,5,14,23 26:14 26:18 30:1 31:5 means 27:10 mentioned 19:1 menus 10:11 meritorious 24:3 merits 18:17 miller 3:8 5:17,21 5:24 6:2,7,10,15,17 6:20,24 7:3,17,25 8:2,9,11,13,16,19 8:21 9:20 11:15 12:20,23 13:1,3 14:3 15:5,6,21	narrowing 18:24 naturally 26:11 nature 18:16 nearly 13:21 need 8:18 15:15,16 16:4 23:1,2 28:2 29:10,17
j	l		
jacqueline 3:11 jess 4:2	large 13:6 largest 6:17 law 4:4 16:12,13 19:10 28:25 29:5 lbsf 6:25 lead 4:17 17:23 leave 28:22 left 7:10 9:12 22:25 legal 8:7 25:7 lehman 1:7,13 3:3 7:1 10:1 18:7 length 5:9 letter 12:20,23 13:17 18:5 19:11,15 19:17 30:5,6,18,19 32:18,23 letting 32:25		

needs 13:23 17:10 new 1:2,19,19 3:16 news 9:14,15 nicole 2:25 34:3,8 non 13:10,12,21,24 13:25 16:14,16 17:21 normal 15:23 nots 14:11 number 13:6,12 18:9 numbered 25:17 nw 3:4 ny 3:16 34:24	p p 3:1,1 4:1 page 13:1 20:18 25:15 pages 18:6 23:14,14 paid 7:3 paper 10:1 papers 7:22 paragraph 23:5 part 13:5 18:11 22:15 25:10 particular 7:13 10:1 11:20 12:15 parties 26:4 29:13 pause 18:1 pay 7:14 payoff 19:11,15 30:5,5,18,19 peck 8:22 20:2,9,11 20:18 21:2 23:13 25:25 peck's 23:4 peers 15:10 pending 29:21,23 people 10:10 12:8 people's 12:11 percent 9:24 10:2 10:14,18,19 13:9,21 13:24,25 14:15,16 14:17 15:24,25,25 16:14,14,16 17:21 perform 16:8 performance 9:11 9:11 11:20 period 5:13 7:13 11:20 ph 5:14 6:1 14:6,6 14:10 16:3,20 18:8 18:23 21:1 25:15,15 26:20,22 30:11 piecemeal 21:9 pizza 10:10 plaintiff 14:18 plaintiffs 1:11 plan 3:3 5:19 11:16 19:16 22:9 29:6	pleaded 22:5 pm 1:22 33:17 point 5:2,8,9 7:8 8:5 9:23 11:5 15:6,18 19:23 20:24 31:15 points 6:4 pops 17:5 potential 19:2 precise 21:4 predicting 27:11 preliminary 10:9 present 14:5 prevail 20:3 primoff 3:18 4:23 5:1,4 12:4,17 13:8 13:17,20 14:23 15:2 15:4 16:10,22 17:18 18:13 20:1,6,9,11 20:14 21:6,12,15,19 23:12,17,19 24:18 24:21,24 25:2 26:6 26:10 27:19,22 28:1 29:8 31:13 33:8 principle 19:13 31:9 prior 9:5,6,6 probably 25:18 problem 14:3 17:2 23:21 problematic 5:6,15 12:13 problems 15:12 16:7 proceed 26:11,11 proceedings 33:17 34:4 process 11:7,11 produce 8:18 9:22 11:16,21 16:13 30:14 produced 7:11 10:8 15:3 18:6,10 producing 11:14,22 production 15:6 17:17 productive 4:13	proffer 27:1 promptly 31:24 32:16 proof 9:4 proposed 30:3 protection 1:10 protocol 19:13 prove 14:22 21:16 proving 9:2 pulled 6:3 32:13 punching 14:12 put 22:1
o		q	
o 1:23 4:1 34:1 objection 2:4 obligated 17:19 obvious 4:11 obviously 17:7 25:12 officer 16:20 oh 27:12 30:22 okay 4:25 5:7,7,22 5:24 6:2,9 7:21,21 8:9,10,16,20 10:21 13:2,19 16:24 19:5 23:19 25:14,19,20 28:4 29:20,24 30:16 31:1,14 32:14,15,24 33:2,7,8,9 old 34:22 omnibus 2:3 opening 11:19 operations 14:6,6,7 14:7 16:23 17:10 opportunity 26:7 original 16:24 originally 12:4 otchin 3:21 4:23 10:16,22 11:4,23 12:1 32:7 33:12 ought 25:23 outlines 6:12 outside 10:24 owed 6:25		question 32:3 questioning 17:24 quick 6:2 quickly 8:22 9:5	
		r	
		r 1:23 3:1 4:1 34:1 ralph 3:8 5:21 ran 12:12 random 10:16 raw 26:20 reached 10:23 reaction 16:19 read 4:9 really 4:10,15 18:19 19:9 22:19,21 reasons 9:21 24:6,6 recognized 8:22 reconvene 32:2 record 5:21 6:11 34:4 recorded 18:23 reduce 13:12 refine 11:15 refund 22:23 reiterate 4:16 rejected 28:10 relate 8:18 relative 18:9 relevant 19:9 remove 14:5 requesting 32:20 reserving 21:19	

resolution 4:14 resolved 23:1 respect 11:7 27:1 29:13 respectfully 16:12 responsible 4:11 responsive 10:20 13:10,13,22,25,25 16:14,17 17:11,21 17:23 rest 25:24 retained 12:9 retaining 23:3 retrieve 11:9 retrieved 10:17 retrieves 13:21 retrieving 17:20 returned 13:3 returns 13:6 reveal 19:14 review 11:6 17:5,20 23:16 24:25 26:7 31:19 reviewing 27:20,22 27:25 ride 7:6 right 4:19,20 6:7,19 6:23 7:2 8:20 12:3 12:25 13:2,5 18:24 21:13,14,25 22:5,10 22:11,17 24:25 25:21 27:8,14 28:12 28:15 29:2,3,9,9 30:7,10 31:25 32:6 32:6,11,13,13,19 33:6 risk 26:25 river's 6:1 road 34:22 rule 20:19 21:18 ruled 21:2,3,15 run 11:9 12:9	sampling 10:18 16:16 27:1,2,3,6,9 27:10,13 28:2,3 saying 7:9 15:9 21:23 22:1,2,9 28:13,23,25 31:5,15 32:10 says 9:10 16:23 22:4 26:3 29:5 sbs 7:22 scalpel 18:19 19:1,2 19:3,8,24,25 26:24 scc 1:3,4 schedule 32:25 33:3 scholar 3:13 scope 7:23 screen 17:6 search 4:18,19 5:5 5:10,12,14 10:7,8 10:17,23 11:1,5,13 11:15 12:2,5 13:7 13:20,21 14:3,12,16 15:13 16:24 17:22 18:21 24:9 searches 12:10,12 second 20:17 securities 1:10 see 4:2 13:11 30:4 seeing 7:18 seek 16:2,10 seeking 7:12 8:4,14 8:17 15:22 19:17 32:18 segment 27:11 selected 23:14 send 23:15 32:18 sense 26:12 sent 12:20,23 13:17 30:5,13,14 servers 12:11 set 5:17 13:14 14:1 17:20 30:8 sets 30:15 settlement 6:22 seven 5:11 14:17 15:25	shared 12:11 shelley 1:24 show 11:21 15:7 sign 30:10 signature 10:12 16:23 17:14 significance 8:5 simply 27:15 sitting 7:18 situations 23:22 skeptic 27:2 skepticism 26:15 skip 9:5 smaller 27:11 solely 2:4 somebody 16:22 somewhat 18:16 sorry 4:3 sort 5:17 sounds 21:5 southern 1:2 spanish 2:1 3:14 9:1 10:6,23 11:7 12:7 18:6 20:21 speaker 4:2,5,6,21 5:16 7:16 12:18 29:22 spend 9:18 stack 17:10 standard 20:16,21 starting 12:1 starved 16:6 stated 22:6 states 1:1 statistical 27:10 stayed 29:20 step 13:19,20 18:22 31:3 sticking 8:5 stop 5:23 street 3:4,15 stress 18:3 stuff 12:10 17:5 19:23 subject 5:4 suffice 32:21	sufficiency 20:13,14 suggest 20:24 23:9 suggested 24:14 suggesting 27:16 suggestion 24:12 suite 3:5 34:23 summary 19:18,19 21:2 22:2,8,9 23:24 24:1 25:3 26:15 28:7,23,24 30:24 31:16 32:20 supervised 17:5 supplemental 6:11 supposed 32:18 sure 6:16 9:19 24:20,21 26:9 28:15 31:6 33:16,16 survived 22:6 swap 6:22 7:10 8:1 sweeping 11:18
s	s	s	t
s 3:1 4:1 sample 27:16 sampled 10:16,18 10:22 13:8 27:12			t 34:1,1 tab 6:11 7:15 9:5,7 9:25 10:7 12:18 20:17 table 5:18 take 4:10 14:5 22:11,13,22 32:4 talk 20:6 29:16 talked 21:8 talking 10:4 14:16 14:17 17:11 27:4 technical 11:6,10 technique 27:4 tell 11:14 ten 5:11 7:12 tentatively 5:10 term 10:7,8,17,23 12:14,16 13:3,7,11 13:14 14:1,2,4,16 termination 8:1 terms 4:11,19,19 5:2,10,12,14 11:2,5 11:10 12:2,6,14 13:19 14:4,4,12 15:13 16:18,21 17:16,22 18:23 24:9

[thank - zap]

Page 7

thank 4:5,6,7 21:5 25:8 33:10,11,12	twenty 2:3	24:22,24 26:11
theme 24:10	two 5:9 13:19,20 15:25 25:9 29:25 32:7,9,12,14,17	wanted 31:8
theory 15:19 16:7 18:16	typically 25:3	wants 19:24 22:1 26:10
thing 4:16 7:21 17:19 22:7 25:2 29:10 33:6	u	warranted 17:24
things 6:3,10 9:17 14:5 25:11 26:25	u.s. 1:17,25	washington 3:6
think 5:18 6:4 14:1 14:19 15:1,13 16:3 16:12 18:10 19:10 19:23 21:2 22:21,22 23:25 24:2,13 25:11 25:12,23,25 26:12 26:13,18 28:6 29:10 29:14,25 30:23,23 31:6,16 32:7,13	undercuts 25:25	way 10:8 17:2 22:18 26:13,24
third 9:25	understand 4:18 9:16 13:6 15:7,15 15:16 17:15 18:20 22:14 27:10,18	we've 19:7 26:4 29:15 30:1 31:2,13 32:13
thought 12:4 23:5	understood 17:15 29:8	weeks 10:25 29:25 29:25 32:7,9,12,14 32:17
thousand 10:9	undisputed 29:1	weigh 16:17
three 2:3 29:25	unearned 22:23	weight 24:13
threshold 21:24 23:10 25:6	unfortunately 5:22	weil 3:2
time 5:9,13,20 7:13 7:18 9:2 11:3,21 12:12 24:2 29:16 33:15	unidentified 4:2,5,6 4:21 5:16 7:16 12:18 29:22	west 3:15
times 18:7	united 1:1	whiz 9:14,22
tiny 22:19	universe 14:24,25	withdrawn 16:2
today 4:7 5:20 12:21,24 18:5 20:19	unreasonable 14:20	withdrew 15:22
told 27:15	v	woolverton 3:10 17:4
transcribed 2:25	v 1:12	work 26:16
transcript 23:13,16 23:16 25:1,24 34:3	v.p. 16:23	worked 13:10
trash 17:8	valid 27:10,13,24	working 10:23
trial 22:7	validly 27:9	worth 7:6
trouble 9:3	valuable 14:5	written 25:14
true 14:9 34:4	value 14:9	wrong 5:14
try 4:10,13 14:25 22:24	vendor 10:24 11:8 12:9,10 13:10	x
trying 9:16	veritext 34:21	x 1:5,9,15 29:5
turn 26:14	versus 11:8	y
turned 5:5 12:6,13	viable 14:10,10	yawn 2:25 34:3,8
	vsi 17:1	yeah 4:22 6:24 11:25 12:22 27:19 27:21 29:9
	w	yield 14:15 17:13
	wait 31:9	york 1:2,19,19 3:16
	waive 26:4	z
	waived 25:7	zap 17:7
	waiver 19:9,16 20:19 21:18,25 22:10 23:5 29:14	
	wallow 26:22	
	want 4:10,13 8:6 10:13 18:3 23:15,22	

Exhibit B

Spanish Broadcasting System, Inc.

Summary of Claim Amounts

Diminution in Value and Damages

1. The expected decline in total invested capital ("TIC"), as defined by the market value of common equity, preferred equity, long-term debt, cash, and minority interest, versus the actual decline in TIC that Spanish Broadcasting System, Inc. ("SBS") experienced.	\$ 39,600,000.00
2. Settlement Amounts (as defined in the Hedge Amendment and Settlement Agreement dated June 17, 2010 (the "Swap Settlement Agreement")) in excess of \$6,008,991.58 ⁽¹⁾ that SBS paid or is obligated to pay Lehman Brothers Special Financing, Inc. ("LBSF"). Lehman Commercial Paper, Inc. ("LCPI") failed to fund the \$10,000,000 revolver draw, the proceeds of which were intended to be used to terminate the ISDA Agreement.	\$ 9,886,745.00
3. Financing and unfunded revolver fees SBS paid to LCPI for the \$10,000,000 revolver commitment that LCPI did not make available to SBS to draw.	\$ 273,333.33
4. SBS's cost to replace the LCPI \$10,000,000 revolver commitment that LCPI failed to fund.	\$ 5,702,150.00
Total	\$ 55,462,228.33

(1) \$6,008,991.58 is the estimated amount that would have been required for SBS to close out that certain ISDA Master Agreement, dated as of June 28, 2005, (the "ISDA Agreement") with LBSF on October 3, 2008.

1. The expected decline in total invested capital ("TIC"), as defined by the market value of common equity, preferred equity, long-term debt, cash, and minority interest, versus the actual decline in TIC that SBS experienced.⁽¹⁾

(\$ in millions)		Total Invested Capital ("TIC")		Percent
<u>Comparable Companies:</u>		<u>Sept. 30, 2008</u>	<u>Dec. 31, 2008</u>	<u>Decline</u>
Beasley Broadcast Group Inc.	\$	189.5	\$ 155.1	(18.1%)
Cumulus Media Inc.		802.1	535.1	(33.3%)
Entercom Comm. Corp.		930.0	626.7	(32.6%)
Entravision Comm. Corp.		751.1	477.5	(36.4%)
Fisher Comm. Inc.		514.0	327.6	(36.3%)
Radio One Inc.		738.7	502.0	(32.0%)
Saga Comm. Inc.		233.0	126.2	(45.9%)
Salem Comm. Corp.		336.7	261.2	(22.4%)
			Median	(33.0%)
<u>Expected Change in SBS TIC:</u>				
TIC as of September 30, 2008	\$	298.3		
Expected Percentage Decline		(33.0%)		
Expected TIC		200.0		
Actual TIC Value 12/31/2008		160.4		
Underperformance (rounded)	\$	(39.6)		

(1) Supporting documentation is voluminous. SBS will provide the information upon request.

Spanish Broadcasting System, Inc.
SBS Expected Decline in Total
Invested Capital
(\$ in millions)

	Beasley Broadcast Group Inc.		Cumulus Media Inc.		Entercom Communications Corp.	
	<u>Sept. 30, 2008</u>	<u>Dec. 31, 2008</u>	<u>Sept. 30, 2008</u>	<u>Dec. 31, 2008</u>	<u>Sept. 30, 2008</u>	<u>Dec. 31, 2008</u>
Price per Share	\$ 1.69	\$ 1.80	\$ 4.26	\$ 2.49	\$ 5.02	\$ 1.23
Shares Outstanding	23.7	22.7	43.0	42.5	36.4	36.4
Market Value of Equity	40.1	40.9	183.2	105.8	182.6	44.7
Face Value of Debt	179.1	179.1	724.7	696.0	875.2	849.0
FMV of Debt as % of Face	80.6%	61.9%	76.9%	54.1%	85.2%	68.0%
Fair Market Value of Debt	144.4	110.8	557.6	376.3	745.5	577.7
Cash	5.0	3.5	61.3	53.0	1.9	4.3
Preferred Stock	-	-	-	-	-	-
Minority Interest	-	-	-	-	-	-
Total Invested Capital	\$ 189.5	\$ 155.1	\$ 802.1	\$ 535.1	\$ 930.0	\$ 626.7
Percent Decline		<u>(18.1%)</u>		<u>(33.3%)</u>		<u>(32.6%)</u>

Spanish Broadcasting System, Inc.
SBS Expected Decline in Total
Invested Capital
(\$ in millions)

	Entravision		Fisher Communications Inc.		Radio One Inc.	
	<u>Sept. 30, 2008</u>	<u>Dec. 31, 2008</u>	<u>Sept. 30, 2008</u>	<u>Dec. 31, 2008</u>	<u>Sept. 30, 2008</u>	<u>Dec. 31, 2008</u>
Price per Share	\$ 2.69	\$ 1.56	\$ 39.40	\$ 20.64	\$ 0.75	\$ 0.22
Shares Outstanding	89.8	86.8	8.7	8.7	99.8	92.6
Market Value of Equity	241.6	135.5	344.1	180.3	74.8	20.4
Face Value of Debt	473.0	429.7	150.0	150.0	765.1	678.3
FMV of Debt as % of Face	82.9%	64.6%	100.5%	77.0%	82.6%	61.3%
Fair Market Value of Debt	391.9	277.7	150.8	115.5	632.4	415.9
Cash	117.6	64.3	19.2	31.8	30.4	22.3
Preferred Stock	-	-	-	-	-	-
Minority Interest	-	-	-	-	1.1	43.4
Total Invested Capital	\$ 751.1	\$ 477.5	\$ 514.0	\$ 327.6	\$ 738.7	\$ 502.0
Percent Decline		<u>(36.4%)</u>		<u>(36.3%)</u>		<u>(32.0%)</u>

Spanish Broadcasting System, Inc.
SBS Expected Decline in Total
Invested Capital
(\$ in millions)

	Saga Communications Inc.		Salem Communications Corp.		Spanish Broadcasting System Inc.	
	<u>Sept. 30, 2008</u>	<u>Dec. 31, 2008</u>	<u>Sept. 30, 2008</u>	<u>Dec. 31, 2008</u>	<u>Sept. 30, 2008</u>	<u>Dec. 31, 2008</u>
Price per Share	\$ 22.80	\$ 6.60	\$ 1.25	\$ 0.75	\$ 3.80	\$ 0.97
Shares Outstanding	4.9	4.2	23.7	23.7	7.2	7.2
Market Value of Equity	112.2	27.8	29.6	17.8	27.5	7.0
Face Value of Debt	134.4	135.4	335.9	333.3	339.4	347.8
FMV of Debt as % of Face	83.9%	67.5%	91.4%	72.5%	58.0%	28.0%
Fair Market Value of Debt	112.8	91.4	307.0	241.6	196.8	97.4
Cash	8.0	7.0	0.2	1.9	34.0	32.9
Preferred Stock	-	-	-	-	39.9	23.1
Minority Interest	-	-	-	-	-	-
Total Invested Capital	\$ 233.0	\$ 126.2	\$ 336.7	\$ 261.2	\$ 298.3	\$ 160.4
Percent Decline		<u>(45.9%)</u>		<u>(22.4%)</u>		<u>(46.2%)</u>

Spanish Broadcasting System, Inc.
Calculation of Market Value as %
of Face for Debt Instruments
(\$ in millions)

<i>Company</i>	<i>Balance 9/30/2008</i>	<i>Balance 12/31/2008</i>	<i>Maturity</i>
<u>Beasley Broadcast Group Inc.</u>			
Revolving credit loan	\$ 55.5	\$ 55.5	30-Jun-15
Term loan	123.6	119.0	30-Jun-15
Total	<u>\$ 179.1</u>	<u>\$ 174.5</u>	
<u>Cumulus Media Inc.</u>			
Revolving credit loan	\$ -	\$ -	7-Jun-12
Term loan	724.7	696.0	11-Jun-14
Total	<u>\$ 724.7</u>	<u>\$ 696.0</u>	
<u>Entercom Comm. Corp.</u>			
Revolver	\$ 383.0	\$ 350.0	30-Jun-12
Term Loan A	400.0	400.0	30-Jun-12
7.625% Senior Subordinated Note	92.0	83.5	1-Mar-14
Total	<u>\$ 875.0</u>	<u>\$ 833.5</u>	
<u>Entravision Comm. Corp.</u>			
Revolver	\$ 2.0	\$ 1.3	29-Mar-12
Term Loan	470.0	403.5	29-Mar-13
Total	<u>\$ 472.0</u>	<u>\$ 404.8</u>	
<u>Fisher Comm. Inc.</u>			
8.625% senior notes	\$ 150.0	\$ 150.0	15-Sep-14
Total	<u>\$ 150.0</u>	<u>\$ 150.0</u>	
<u>Radio One Inc.</u>			
8 ⁷ / ₈ % Senior Subordinated Notes	\$ 248.9	\$ 104.0	1-Jul-11
6 ³ / ₈ % Senior Subordinated Notes	200.0	200.0	15-Feb-13
Credit facilities	315.9	371.2	1-Jan-11
Total	<u>\$ 764.8</u>	<u>\$ 675.2</u>	
<u>Saga Comm. Inc.</u>			
Revolver	\$ 133.4	\$ 134.4	29-Jul-12
Total	<u>\$ 133.4</u>	<u>\$ 134.4</u>	
<u>Salem Comm. Corp.</u>			
Term Loan B	\$ 72.0	\$ 71.6	31-Mar-10
Term Loan C	161.7	160.9	30-Jun-12
Revolver under Credit Facility	-	-	31-Mar-09
7¼% Senior Subordinated Notes	100.0	90.6	15-Dec-10
Total	<u>\$ 333.7</u>	<u>\$ 323.1</u>	

Spanish Broadcasting System, Inc.
Calculation of Market Value as %
of Face for Debt Instruments
(\$ in millions)

Company	Credit Rating		Spread		Contractual Rate	
	9/30/2008	12/31/2008	9/30/2008	12/31/2008	9/30/2008 LIBOR +	12/31/2008 LIBOR +
<u>Beasley Broadcast Group Inc.</u>						
Revolving credit loan	BB	BB	L+577	L+1198	1.000%	1.000%
Term loan	BB	BB	L+577	L+1198	1.000%	1.000%
Total						
<u>Cumulus Media Inc.</u>						
Revolving credit loan	B	B	L+875	L+2006	2.000%	2.000%
Term loan	B	B	L+875	L+2006	1.750%	1.750%
Total						
<u>Entercom Comm. Corp.</u>						
Revolver	BB-	B+	L+726	L+1602	1.130%	1.130%
Term Loan A	BB-	B+	L+726	L+1602	1.130%	1.130%
7.625% Senior Subordinated Note	BB-	B+	L+726	L+1602	6.176%	5.509%
Total						
<u>Entravision Comm. Corp.</u>						
Revolver	B+	B+	L+726	L+1602	2.000%	2.000%
Term Loan	B+	B+	L+726	L+1602	1.500%	1.500%
Total						
<u>Fisher Comm. Inc.</u>						
8.625% senior notes						
Total						
<u>Radio One Inc.</u>						
8 ⁷ / ₈ % Senior Subordinated Notes						
6 ³ / ₈ % Senior Subordinated Notes						
Credit facilities	BB-	BB-	L+726	L+1602	2.250%	2.250%
Total						
<u>Saga Comm. Inc.</u>						
Revolver	BB-	BB-	L+726	L+1602	1.250%	1.250%
Total						
<u>Salem Comm. Corp.</u>						
Term Loan B	B+	B	L+726	L+2006	1.750%	1.750%
Term Loan C	B+	B	L+726	L+2006	1.750%	1.750%
Revolver under Credit Facility	B+	B	L+726	L+2006	2.000%	2.000%
7¼% Senior Subordinated Notes	B+	B	L+726	L+2006	7.116%	6.266%
Total						

Spanish Broadcasting System, Inc.
Calculation of Market Value as %
of Face for Debt Instruments
(\$ in millions)

<u>Company</u>	September 30, 2008 Calculation				
	<i>Stated Spread</i>	<i>Repay Assumption</i>	<i>Price</i>	<i>LIBOR</i>	<i>Spread</i>
<u>Beasley Broadcast Group Inc.</u>					
Revolving credit loan	100.0bp	6.7 yr	80.65	4.05%	L+577.0
Term loan	100.0bp	6.7 yr	80.65	4.05%	L+577.0
Total					
<u>Cumulus Media Inc.</u>					
Revolving credit loan	200.0bp	3.7 yr	83.10	4.05%	L+875.0
Term loan	175.0bp	5.7 yr	76.95	4.05%	L+875.0
Total					
<u>Entercom Comm. Corp.</u>					
Revolver	113.0bp	3.7 yr	83.87	4.05%	L+726.0
Term Loan A	113.0bp	3.7 yr	83.87	4.05%	L+726.0
7.625% Senior Subordinated Note	617.6bp	5.4 yr	96.36	4.05%	L+726.0
Total					
<u>Entravision Comm. Corp.</u>					
Revolver	200.0bp	3.5 yr	86.83	4.05%	L+726.0
Term Loan	150.0bp	4.5 yr	82.84	4.05%	L+726.0
Total					
<u>Fisher Comm. Inc.</u>					
8.625% senior notes					
Total					
<u>Radio One Inc.</u>					
8 ⁷ / ₈ % Senior Subordinated Notes					
6 ³ / ₈ % Senior Subordinated Notes					
Credit facilities	225.0bp	2.3 yr	91.00	4.05%	L+726.0
Total					
<u>Saga Comm. Inc.</u>					
Revolver	125.0bp	3.8 yr	83.95	4.05%	L+726.0
Total					
<u>Salem Comm. Corp.</u>					
Term Loan B	175.0bp	1.5 yr	92.94	4.05%	L+726.0
Term Loan C	175.0bp	3.7 yr	85.50	4.05%	L+726.0
Revolver under Credit Facility	200.0bp	0.5 yr	97.52	4.05%	L+726.0
7¼% Senior Subordinated Notes	711.6bp	2.2 yr	99.75	4.05%	L+726.0
Total					

Spanish Broadcasting System, Inc.
Calculation of Market Value as %
of Face for Debt Instruments
(\$ in millions)

<u>Company</u>	December 31, 2008 Calculation				
	<u>Stated Spread</u>	<u>Repay Assumption</u>	<u>Price</u>	<u>LIBOR</u>	<u>Spread</u>
<u>Beasley Broadcast Group Inc.</u>					
Revolving credit loan	100.0bp	6.5 yr	61.88	1.43%	L+1198.0
Term loan	100.0bp	6.5 yr	61.88	1.43%	L+1198.0
Total					
<u>Cumulus Media Inc.</u>					
Revolving credit loan	200.0bp	3.4 yr	64.32	1.43%	L+2006.0
Term loan	175.0bp	5.4 yr	54.06	1.43%	L+2006.0
Total					
<u>Entercom Comm. Corp.</u>					
Revolver	113.0bp	3.5 yr	67.66	1.43%	L+1602.0
Term Loan A	113.0bp	3.5 yr	67.66	1.43%	L+1602.0
7.625% Senior Subordinated Note	550.9bp	5.2 yr	71.45	1.43%	L+1602.0
Total					
<u>Entravision Comm. Corp.</u>					
Revolver	200.0bp	3.2 yr	70.97	1.43%	L+1602.0
Term Loan	150.0bp	4.2 yr	64.61	1.43%	L+1602.0
Total					
<u>Fisher Comm. Inc.</u>					
8.625% senior notes					
Total					
<u>Radio One Inc.</u>					
8 ⁷ / ₈ % Senior Subordinated Notes					
6 ³ / ₈ % Senior Subordinated Notes					
Credit facilities	225.0bp	2.0 yr	79.57	1.43%	L+1602.0
Total					
<u>Saga Comm. Inc.</u>					
Revolver	125.0bp	3.6 yr	67.48	1.43%	L+1602.0
Total					
<u>Salem Comm. Corp.</u>					
Term Loan B	175.0bp	1.2 yr	82.01	1.43%	L+2006.0
Term Loan C	175.0bp	3.5 yr	63.44	1.43%	L+2006.0
Revolver under Credit Facility	200.0bp	0.2 yr	95.77	1.43%	L+2006.0
7¼% Senior Subordinated Notes	626.6bp	2.0 yr	81.01	1.43%	L+2006.0
Total					

Spanish Broadcasting System, Inc.
Calculation of Market Value as %
of Face for Debt Instruments
(\$ in millions)

<u>Company</u>	<u>9/30/2008</u>			<u>12/31/2008</u>		
	<u>Face</u>	<u>FMV</u>	<u>% of Face</u>	<u>Face</u>	<u>FMV</u>	<u>% of Face</u>
<u>Beasley Broadcast Group Inc.</u>						
Revolving credit loan	55.5	44.8	80.6%	55.5	34.3	61.9%
Term loan	123.6	99.6	80.6%	119.0	73.6	61.9%
Total	179.1	144.4	80.6%	174.5	108.0	61.9%
<u>Cumulus Media Inc.</u>						
Revolving credit loan	-	-	-	-	-	-
Term loan	724.7	557.6	76.9%	696.0	376.3	54.1%
Total	724.7	557.6	76.9%	696.0	376.3	54.1%
<u>Entercom Comm. Corp.</u>						
Revolver	383.0	321.2	83.9%	350.0	236.8	67.7%
Term Loan A	400.0	335.5	83.9%	400.0	270.7	67.7%
7.625% Senior Subordinated Note	92.0	88.7	96.4%	83.5	59.7	71.4%
Total	875.0	745.3	85.2%	833.5	567.1	68.0%
<u>Entravision Comm. Corp.</u>						
Revolver	2.0	1.7	86.8%	1.3	0.9	71.0%
Term Loan	470.0	389.4	82.8%	403.5	260.7	64.6%
Total	472.0	391.1	82.9%	404.8	261.6	64.6%
<u>Fisher Comm. Inc.</u>						
8.625% senior notes	150.0	150.8	100.5%	150.0	115.5	77.0%
Total						
<u>Radio One Inc.</u>						
8 ⁷ / ₈ % Senior Subordinated Notes	248.9	206.6	83.0%	104.0	51.6	49.6%
6 ³ / ₈ % Senior Subordinated Notes	200.0	138.0	69.0%	200.0	67.0	33.5%
Credit facilities	315.9	287.5	91.0%	371.2	295.4	79.6%
Total	764.8	632.1	82.6%	675.2	414.0	61.3%
<u>Saga Comm. Inc.</u>						
Revolver	133.4	111.9	83.9%	134.4	90.7	67.5%
Total						
<u>Salem Comm. Corp.</u>						
Term Loan B	72.0	66.9	92.9%	71.6	58.7	82.0%
Term Loan C	161.7	138.2	85.5%	160.9	102.1	63.4%
Revolver under Credit Facility	-	-	-	-	-	-
7¼% Senior Subordinated Notes	100.0	99.7	99.7%	90.6	73.4	81.0%
Total	333.7	304.9	91.4%	323.1	234.2	72.5%

Spanish Broadcasting System, Inc.
LCD Loan Data⁽¹⁾ for Required Rates of Return

<u>Date</u>	<u>BB Loans per LCD Comps</u>		<u>B Loans per LCD Comps</u>		<u>Average B/BB per LCD Comps</u>	
	<u>Avg Bid</u>	<u>Spread-to-Maturity</u>	<u>Avg Bid</u>	<u>Spread-to-Maturity</u>	<u>Avg Bid</u>	<u>Spread-to-Maturity</u>
6/29/2007	99.96	L+205	99.88	L+266	99.92	L+236
7/31/2007	95.97	L+287	95.37	L+356	95.67	L+322
8/31/2007	95.77	L+295	94.70	L+373	95.24	L+334
9/28/2007	97.03	L+270	96.01	L+346	96.52	L+308
10/26/2007	97.36	L+267	96.25	L+341	96.81	L+304
11/30/2007	95.45	L+312	94.19	L+396	94.82	L+354
12/28/2007	95.18	L+320	93.65	L+409	94.42	L+365
1/31/2008	91.96	L+400	89.28	L+517	90.62	L+459
2/29/2008	89.60	L+467	86.24	L+599	87.92	L+533
3/28/2008	89.81	L+461	84.61	L+652	87.21	L+556
4/30/2008	92.91	L+388	87.91	L+566	90.41	L+477
5/30/2008	93.18	L+381	88.43	L+556	90.80	L+469
6/27/2008	92.90	L+390	88.16	L+567	90.53	L+479
7/31/2008	92.04	L+418	86.57	L+615	89.31	L+517
8/29/2008	91.83	L+422	85.86	L+640	88.85	L+531
9/30/2008	86.32	L+577	78.78	L+875	82.55	L+726
10/24/2008	74.77	L+976	66.66	L+1400	70.72	L+1188
10/31/2008	75.53	L+952	66.20	L+1414	70.86	L+1183
11/7/2008	76.51	L+919	65.79	L+1435	71.15	L+1177
11/14/2008	76.15	L+935	64.69	L+1493	70.42	L+1214
11/21/2008	72.82	L+1076	60.11	L+1750	66.46	L+1413
11/28/2008	72.12	L+1110	58.94	L+1826	65.53	L+1468
12/5/2008	70.42	L+1189	57.46	L+1930	63.94	L+1560
12/12/2008	69.27	L+1251	55.71	L+2060	62.49	L+1655
12/19/2008	68.82	L+1275	55.46	L+2087	62.14	L+1681
12/26/2008	69.48	L+1243	55.58	L+2084	62.53	L+1663
12/31/2008	70.50	L+1198	56.84	L+2006	63.67	L+1602
1/2/2009	70.65	L+1193	56.94	L+2005	63.79	L+1599

(1) Leveraged Commentary & Data ("LCD"), a unit of Standard & Poor's, is a provider of leveraged finance news and analysis, including pricing, trends, secondary levels/analysis, credit stats, default analysis; US and European Loan Indexes.

**Spanish Broadcasting System, Inc.
SBS Comparable Companies Selection Methodology**

CapitalIQ Screening Criteria

- 1) **Industry Classifications:** Radio (Primary)
- 2) **Geographic Locations:** United States of America (Primary)
- 3) **Company Type:** Public Company
- 4) **Company Status:** Operating

Selected Companies

Company Name	Exchange: Ticker	Reason for Inclusion	Summary Business Description
Spanish Broadcasting System Inc.	NasdaqGM:SBSA	Subject Company	Subject company
Beasley Broadcast Group Inc.	NasdaqGM:BBGI	Primarily a radio broadcasting company. Operates in multiple markets across the country	Owns 42 stations along the east coast.
Cumulus Media Inc.	NasdaqGS:CMLS	Primarily a radio broadcasting company. Operates in multiple markets across the country	Owns and operates 312 radio stations in 60 mid-sized markets across the U.S.
Entercom Communications Corp.	NYSE:ETM	Primarily a radio broadcasting company. Operates in multiple markets across the country	Owns 100 radio stations in 23 metro markets around the country.
Entravision Communications Corp.	NYSE:EVC	Spanish language media company.	Spanish language media company. Owns 53 TV stations and 43 radio stations.

**Spanish Broadcasting System, Inc.
SBS Comparable Companies Selection Methodology**

Selected Companies

Company Name	Exchange: Ticker	Reason for Inclusion	Summary Business Description
Fisher Communications Inc.	NasdaqGS:FSCI	Primarily a radio and TV broadcasting company. Operates in multiple markets across the country.	Primarily TV. Owns 8 radio stations and 20 TV stations in the NW.
Radio One Inc.	NasdaqGM:ROIA.K	Primarily a radio broadcasting company. Operates in multiple markets across the country	Owns and operates 53 radio stations located in 16 urban markets in the United States. The company also has approximately 36% ownership interest in TV One, LLC, an African-American targeted cable television network; and a 51% ownership interest in Reach Media, Inc., which operates the Tom Joyner Morning Show.
Saga Communications Inc.	AMEX:SGA	Primarily a radio broadcasting company. Operates in multiple markets across the country	Owns 61 FM stations, 30 AM stations, and 9 TV channels in 23 markets across the country.
Salem Communications Corp.	NasdaqGM:SALM	Primarily a radio broadcasting company. Operates in multiple markets across the country	Christian media company. Owns 95 radio stations in 37 metro markets and 2 satellite radio stations. Also creates syndicated programming .

**Spanish Broadcasting System, Inc.
SBS Comparable Companies Selection Methodology**

Excluded Companies

Company Name	Exchange: Ticker	Reason for Exclusion	Summary Business Description
CBS Corporation	NYSE:CBS	Diverse business. Only 20% of its revenue comes from the operation of radio stations.	Operates network and cable TV stations, radio stations, outdoor advertising, publishing, internet website and film production companies.
CC Media Holdings, Inc.	OTCPK:CCMO	50% of its revenue is generated through outdoor advertising (i.e., billboards). 30% of its revenue is generated outside of the U.S.	Owns 892 radio stations in 150 markets across the U.S., 188,000 outdoor advertising displays in the U.S. and 634,000 outdoor advertising displays around the country.
Emerging Media Holdings, Inc.	OTCBB:EMDH.D	Does not operate in the US.	Radio and Television Broadcasting in Moldova.
Ludwig Enterprises Inc.	OTCPK:LUDG	Too small compared to the Subject Company.	Ethnic radio stations

2. Settlement Amounts in excess of \$6,008,991.58⁽¹⁾ that SBS paid or is obligated to pay LBSF. LCPI failed to fund the \$10,000,000 revolver draw, the proceeds of which were intended to be used to terminate the ISDA Agreement.⁽²⁾

December-08	\$	368,684
March-09		2,166,227
June-09		2,373,887
September-09		2,886,783
December-09		3,125,131
March-10		3,072,408
June-10		1,015,874
Total Settlement Amounts		15,008,992
Plus: Interest on Settlement Amounts		386,745
		15,395,737
Minus: January 15, 2010 wire transfer payment		(6,008,992)
		9,386,745
Plus: estimated legal and other costs		500,000
Damages from not funding the Revolver	\$	9,886,745

(1) \$6,008,991.58 is the estimated amount that would have been required for SBS to terminate the ISDA Agreement on October 3, 2008.

(2) Based upon information and belief, the Swap Settlement Agreement and the ISDA Agreement and related wire transfer payment documentation are already in possession of the Debtor. SBS will provide copies upon request.

3. Financing and unfunded revolver fees SBS paid to LCPI for the \$10,000,000 revolver commitment that LCPI did not make available to SBS to draw.⁽¹⁾

Financing Fees

Date	Revolver Commitment	Fee %	Funding Commitment %	Amounts Paid to Lehman
June-11	\$ 10,000,000	1.75%	60%	<u>\$ 105,000</u>

Unfunded Revolver Fees

Quarters Ended	Revolver Commitment	Rate	Days Outstanding	Amounts Paid to Lehman
6/30/2005	\$ 10,000,000	0.50%	20	\$ 2,778
9/30/2005	10,000,000	0.50%	92	12,778
12/31/2005	10,000,000	0.50%	91	12,639
3/31/2006	10,000,000	0.50%	91	12,639
6/30/2006	10,000,000	0.50%	91	12,639
9/30/2006	10,000,000	0.50%	91	12,639
12/31/2006	10,000,000	0.50%	91	12,639
3/31/2007	10,000,000	0.50%	91	12,639
6/30/2007	10,000,000	0.50%	91	12,639
9/30/2007	10,000,000	0.50%	91	12,639
12/31/2007	10,000,000	0.50%	94	13,056
3/31/2008	10,000,000	0.50%	91	12,639
6/30/2008	10,000,000	0.50%	91	12,639
9/30/2008	10,000,000	0.50%	92	12,778
10/4/2008	\$ 10,000,000	0.50%	4	556
				<u>\$ 168,333</u>

Total Fees paid to Lehman related to the Revolver **\$ 273,333**

(1) Based upon information and belief, the May 31, 2005 Amended and Restated Fee Letter and the May 31, 2005 Amended and Restated Commitment Letter and related wire transfer payment documentation are already in possession of the Debtor. SBS will provide copies upon request.

4. SBS's cost to replace the LCPI \$10,000,000 revolver commitment that LCPI failed to fund.

**SBS's cost of financing the \$10,000,000 revolver had LCPI funded versus
SBS's cost of financing a \$10,000,000 revolver at market rates**

<u>Periods</u>	<u>3-mth LIBOR Set Rate</u>	<u>SBS Revolver Spread</u>	<u>Estimated Rate</u>	<u>Unfunded Revolver</u>	<u>Quarterly Financing Cost</u>
Oct 3, 2008 - Dec 2008	3.77%	2.00%	5.77%	10,000,000	\$ 142,647
Jan 2009 - March 2009	1.46%	2.00%	3.46%	10,000,000	86,500
April 2009 - June 2009	1.22%	2.00%	3.22%	10,000,000	80,500
July 2009 - Sept 2009	0.60%	2.00%	2.60%	10,000,000	65,000
Oct 2009 - Dec 2009	0.29%	2.00%	2.29%	10,000,000	57,250
Jan 2010 - March 2010	0.26%	2.00%	2.26%	10,000,000	56,500
April 2010 - June 2010	0.30%	2.00%	2.30%	10,000,000	57,500
SBS's cost of financing the \$10,000,000 revolver had LCPI funded					\$ 545,897

<u>Periods</u>	<u>3-mth LIBOR Set Rate</u>	<u>SBS Revolver Spread</u>	<u>Estimated Rate</u>	<u>Unfunded Revolver</u>	<u>Quarterly Financing Cost</u>
Oct 3, 2008 - Dec 2008	3.77%	32.06%	35.83%	10,000,000	\$ 885,797
Jan 2009 - March 2009	1.46%	32.06%	33.52%	10,000,000	838,000
April 2009 - June 2009	1.22%	32.06%	33.28%	10,000,000	832,000
July 2009 - Sept 2009	0.60%	32.06%	32.66%	10,000,000	816,500
Oct 2009 - Dec 2009	0.29%	32.06%	32.35%	10,000,000	808,750
Jan 2010 - March 2010	0.26%	32.06%	32.32%	10,000,000	808,000
April 2010 - June 2010	0.30%	32.06%	32.36%	10,000,000	809,000
SBS's cost of financing a \$10,000,000 revolver at market rates					\$ 5,798,047

SBS's cost of financing a \$10,000,000 revolver at market rates	\$ 5,798,047
Plus: estimated legal and other costs	450,000
	6,248,047
Minus: SBS's cost of financing the \$10,000,000 revolver had LCPI funded	(545,897)
SBS's cost to replace the LCPI \$10,000,000 revolver commitment that LCPI failed to fund	\$ 5,702,150

Spanish Broadcasting Loan Spread Calculation

As of October 03, 2008

	<u>S&P - Calculation</u>	<u>Back of the Envelope</u>	<u>S&P - Calculation (IRR)</u>
Stated Spread (in bps)	175.0bp	175.0bp	175.0bp
Repay Assumption (in yrs.)	3.7 yr	3.7 yr	3.7 yr
Price (cents on the dollar)	63.00	63.00	63.00
LIBOR (Yield)	4.33%	4.33%	4.33%
Yield (No Floor)	25.577%	16.113%	20.662%
Spread (No Floor)	L+2124.7	L+1178.3	L+1633.2

As of October 31, 2008

	<u>S&P - Calculation</u>	<u>Back of the Envelope</u>	<u>S&P - Calculation (IRR)</u>
Stated Spread (in bps)	175.0bp	175.0bp	175.0bp
Repay Assumption (in yrs.)	3.6 yr	3.6 yr	3.6 yr
Price (cents on the dollar)	39.33	39.33	39.33
LIBOR (Yield)	3.03%	3.03%	3.03%
Yield (No Floor)	54.873%	21.582%	35.030%
Spread (No Floor)	L+5184.3	L+1855.2	L+3200.0

As of November 28, 2008

	<u>S&P - Calculation</u>	<u>Back of the Envelope</u>	<u>S&P - Calculation (IRR)</u>
Stated Spread (in bps)	175.0bp	175.0bp	175.0bp
Repay Assumption (in yrs.)	3.5 yr	3.5 yr	3.5 yr
Price (cents on the dollar)	32.33	32.33	32.33
LIBOR (Yield)	2.22%	2.22%	2.22%
Yield (No Floor)	71.503%	23.117%	41.095%
Spread (No Floor)	L+6928.3	L+2089.7	L+3887.5

As of December 31, 2008

	<u>S&P - Calculation</u>	<u>Back of the Envelope</u>	<u>S&P - Calculation (IRR)</u>
Stated Spread (in bps)	175.0bp	175.0bp	175.0bp
Repay Assumption (in yrs.)	3.5 yr	3.5 yr	3.5 yr
Price (cents on the dollar)	30.00	30.00	30.00
LIBOR (Yield)	1.41%	1.41%	1.41%
Yield	77.200%	23.160%	42.443%
Spread	L+7579.0	L+2175.0	L+4103.3

Blend Average Rate Spread **L+3206.0**